

**Minutes of the
Energy Northwest
Regular Executive Board Meeting
Red Lion – Olympic Room
2525 N. 20th Ave.
Pasco, Wash.
March 25 - 26, 2015**

Chair Sid Morrison called the regular meeting of the Executive Board of Energy Northwest to order at 9:01 a.m. on March 25, 2015 in the Olympic Room of the Red Lion in Pasco, Wash. There was a quorum present. An environmental analysis of the March 25 – 26, 2015 regular Executive Board meeting agenda had been prepared which reflected that all items on the agenda were exempt from further procedural compliance with the State Environmental Policy Act.

Roll Call

Executive Board Members

Sid Morrison, Chair	Present
Jack Janda, Vice Chair	Present
Lori Sanders, Secretary	Present
Dave Remington, Assistant Secretary	Present
Marc Daudon	Present
Linda Gott	Present
Jim Moss	Present
Skip Orser	Present
Will Purser	Present
Tim Sheldon	Present
Kathy Vaughn	Present

Others Present:

Both days: Participants Review Board Member – Steve Houston, Okanogan County Public Utility District; and Bonneville Power Administration – Larry Felton and Cherie Sonoda.

Wednesday only: Participants Review Board Member – Susan Thraen, Missoula Electric Cooperative; Bonneville Power Administration – Javier Fernandez, William Hendricks, and Nancy Mitman; International Brotherhood of Electrical Workers – Alan Sage; and Public Power Council – Kevin O’Meara.

Wednesday dinner only: Jim Gaston and Scott Sanders.

Thursday only: JP Morgan – Isaac Sine; Foster Pepper – Nancy Neraas; State Auditor’s Office – Lisa Noland and Ginny Waltman; Reese Government Relations – Shirley Reese; and Rowland, Co – Jim Rowland (teleconference).

Staff Present:

Both days: Mark Reddemann; Brad Sawatzke; Brent Ridge; Grover Hettel, Bob Dutton; Mike Paoli; Dave Briggs; John Irvan; Carla Martinez; Angela Smith; and Jeff Windham.

Wednesday only: Alex Javorik; Carolyn John; Bob Schuetz; and JR Trautvetter.

Thursday only: Jim Gaston; Karen Claussen; and Jeff Smith.

Regular Executive Board Meeting

Mr. Kevin O'Meara from the Public Power Council led the group in the Pledge of Allegiance.

Comments from Members of the Public

Hearing no comments from members of the public, the next item on the agenda was addressed.

Approval of Minutes

The following meeting minutes were presented for approval:

- Regular Executive Board Meeting – Feb. 25 – 26, 2015

Mr. Jack Janda moved that the minutes be approved. Mr. Skip Orser seconded. MOTION CARRIED.

Chief Executive Officer Report

Mr. Mark Reddemann, Chief Executive Officer, presented the CEO Report. Key highlights included: Northwest Public Power Association awards to Sid Morrison and Tim Sheldon; legislative session member support; Northwest Power & Conservation Council engagement; the recent American Public Power Association's CEO Roundtable; the 50th CEO recognition; March of Dimes campaign; and high-level asset performance review.

Mr. Reddemann wrapped up by addressing several questions from Executive Board members.

Other Business

Chair Morrison asked Mr. Orser to be the meeting critique lead for the March meeting. Mr. Orser accepted.

Ms. Lori Sanders presented funding raised during the past year's board meetings to Ms. Denise Tilley, Energy Northwest March of Dimes committee chair. Mr. Brent Ridge, Vice President of Corporate Services and Chief Financial / Risk Officer, provided an overview of the status of the current MOD campaign efforts at the agency.

Hearing no further business, Chair Morrison turned the meeting over to Mr. Skip Orser.

Nuclear Oversight & Safety Committee Reports

Committee Chair Skip Orser opened the Nuclear Oversight and Safety Committee and turned the floor over to Mr. Brad Sawatzke, Chief Operating Officer and Chief Nuclear Officer.

Chief Nuclear Officer Report

Mr. Sawatzke presented the CNO Report. Key points included: plant status; station focuses; significant operating experience; and nuclear news.

Mr. Sawatzke shared a video from the Nuclear Energy Institute about the regional response center in Phoenix, Ariz.

The meeting recessed at 10:45 a.m. for a break; the meeting reconvened at 11 a.m.

Mr. Sawatzke continued his presentation focusing on upcoming events and Columbia Generating Station performance indicators.

Regulatory Update

Mr. Grover Hettel, Vice President of Operations, presented the regulatory update. Key points included: a review of the Nuclear Regulatory Commission oversight process; performance indicators; cross-cutting aspects; the NRC action matrix; and findings by NRC region by year.

Outage Update & Major Projects Update

Mr. Bob Schuetz, Plant general manager, presented an update on the upcoming outage and major projects. Key points included: outage scope; major projects/modifications; outage schedule; goals; maintenance; resources; budget; and pre-outage work execution.

The meeting recessed at 12: 20 p.m. for lunch; the meeting reconvened at 1:08 p.m.

Extended Power Uprate

Mr. Alex Javorik, Vice President of Engineering, presented on the extended power uprate. Key points included: ways to increase power production; the steam cycle; leading edge flow meter installation; measurement uncertainty recapture; Columbia's Long-Range Plan; extended power uprate modifications; cost of uprate; and uprate options.

Commitment Review/Provide Majority-based Direction

The following new commitments were added:

- Provide seismic talking points to Executive Board members (and post to BoardDocs) – Mike Paoli
- Short tutorial on how Columbia is prepared for events that may exceed the design basis – Brad Sawatzke and Skip Orser will further discuss:
 - Review current management plans of severe actions including what the scenarios are within those accidents; which are beyond design basis and which are not
 - EN's FLEX
- Elevator speech in the case of an event that is beyond Columbia's design basis – Mike Paoli
- Additional information on extended power uprate (including economic feasibility and providing an opportunity for the board to provide input on what should be included in the power uprate study) – Alex Javorik
- Possible tour of Columbia's FLEX building – Mike Paoli

Other Business

Hearing no additional questions or comments, Committee Chair Orser turned the meeting back to Chair Morrison who turned the meeting over to Audit, Legal and Finance Committee Chair Kathy Vaughn.

Audit, Legal & Finance Committee Reports

Information Agenda Items

Committee Chair Vaughn welcomed the Executive Board to the Audit, Legal and Finance Committee and directed members to review the Cost Report on BoardDocs.

The meeting recessed at 2:10 p.m. for a break; the meeting reconvened at 2:20 p.m.

Mr. Ridge introduced the guests from the Bonneville Power Administration.

Proposed regional cooperation debt acceleration

Mr. Javier Fernandez, Treasury manager at BPA, provided information on the proposed regional cooperation debt acceleration. Key points included: the value of Energy Northwest debt; debt service reassignment; current proposal acceleration; rate impacts; and next steps.

Executive Session

The meeting recessed at 3:30 p.m. for the purpose of holding an Executive Session in accordance with RCW 42.30.110 (1) (i). The meeting reconvened at 4:29 p.m.

The meeting recessed at 4:30 p.m. until dinner.

Regular Executive Board Dinner

The Executive Board reconvened at 6 p.m. for dinner at the Red Lion – Gold Room.

APPA Legislative Rally Trip Report

ALF Committee Chair Vaughn reviewed the resolutions that were discussed at the American Public Power Association Legislative Rally and provided an overview of the rally.

NoaNet Report

Ms. Linda Gott provided an update on NoaNet.

Carbon Free Power Project Update

Mr. Jim Gaston, general manager of Energy Services & Development, presented on the Carbon Free Power Project. Key points included: recent milestones; Energy Northwest's involvement in the CFPP; CFPP participant responsibilities; expected staffing; levelized cost of energy results for NuScale's small modular reactor; and construction costs of a first of a kind SMR.

Chair Morrison recessed the meeting at 8:02 p.m. until the morning.

Regular Executive Board Meeting (cont'd)

The regular Executive Board meeting was reconvened at 9 a.m. on Thursday, March 26, 2015 by Executive Board Chair Sid Morrison who immediately turned the meeting over to Ms. Kathy Vaughn.

Audit, Legal & Finance Committee Reports *cont'd*

Committee Chair Vaughn welcomed the Executive Board back to the Audit, Legal and Finance Committee.

Columbia and Projects 1 & 3 regional cooperation debt Transaction

Mr. Jeff Windham, Treasury / Budgets supervisor, provided an update on the bond principal for extensions for Projects 1 & 3 and Columbia based from the previous day's presentation.

Mr. Windham then presented on the debt transactions. Key points included: an overview; savings components; transaction summary; key parameters; and recommendations.

Committee Chair Vaughn moved that the Executive Board approve EXECUTIVE BOARD RESOLUTION NO. 1831 A supplemental resolution authorizing the issuance of Energy Northwest Project 1 electric revenue refunding bonds, series 2015-A and electric revenue refunding bonds, series 2015-B (taxable). Seconded by Mr. Marc Daudon.

Chair Morrison opened the floor for discussion; hearing none, he called for the question. EXECUTIVE BOARD RESOLUTION NO. 1831, UNANIMOUSLY ADOPTED.

Committee Chair Vaughn moved that the Executive Board approve EXECUTIVE BOARD RESOLUTION NO. 1832 A supplemental resolution authorizing the issuance of Energy Northwest Columbia Generating Station electric revenue refunding bonds, series 2015-A and electric revenue refunding bonds, series 2015-B (taxable). Seconded by Assistant Secretary Dave Remington.

Chair Morrison opened the floor for discussion; hearing none, he called for the question. EXECUTIVE BOARD RESOLUTION NO. 1832, UNANIMOUSLY ADOPTED.

Committee Chair Vaughn moved that the Executive Board approve EXECUTIVE BOARD RESOLUTION NO. 1833 A supplemental resolution authorizing the issuance of Energy Northwest Project 3 electric revenue refunding bonds, series 2015-A and electric revenue refunding bonds, series 2015-B (taxable). Seconded by Vice Chair Jack Janda.

Chair Morrison opened the floor for discussion; hearing none, he called for the question. EXECUTIVE BOARD RESOLUTION NO. 1833 UNANIMOUSLY ADOPTED.

State Auditor's Office Exit Conference

Ms. Lisa Noland with the State Auditor's Office presented the SAO Exit Conference. Key audit areas included: self-insurance; payroll disbursements; credit card disbursements; safeguarding assets; procurement for public works; procurement for purchases; inventory; and review of financial audit work papers. The SAO's audit had no recommendations and it marks the 15th year without an audit finding.

Board members thanked management and staff.

Management Response – State Auditor's Office Exit Conference

Ms. Karen Claussen, Financial Accounting supervisor, presented management's response to the State Auditor's Office Exit Conference. Key points included: the SAO's process; audit reporting; how the audit fits into Energy Northwest's Excellence Model; Fiscal Year 2014 results; and sustaining results.

Debt Modeling

Mr. Isaac Sine with J.P. Morgan presented on debt modeling. Key points included: approach to the analysis; where the bonds are placed; EN's existing debt portfolio; forecasting; J.P. Morgan's model; establishing a base case; incorporating results into the BPA portfolio; model results with existing and projected generation system debt; optimizing the structure; translating model results into 2015 action plan; identifying the overlapping maturities; safe zone results; overview of 2015 financing and summary; and safe zone results post-2015 financing.

Commitment Review/Provide Majority-based Direction

The following new commitments were added:

- EN translation of BPA presentation on regional cooperation debt – Brent Ridge
- Work with BPA staff to develop timeline of events to get to an EB decision at April EB meeting – Brent Ridge

The meeting recessed at 9:40 a.m. for a break; the meeting reconvened at 9:57 a.m.

Executive Board Chair Sid Morrison turned the meeting over to Mr. Tim Sheldon.

Administrative, Energy & Member Services Committee Reports

Information Agenda Items

Committee Chair Tim Sheldon opened the Administrative, Energy & Member Services Committee by reminding the board of the available reports on BoardDocs and turned the meeting over to Mr. Ridge.

Public Power Council Update

Mr. Ridge provided comments on recent interactions with the Public Power Council. Vice Chair Jack Janda, Ms. Kathy Vaughn and Mr. Will Purser provided comments on recent PPC meetings and activities. Further discussion ensued.

Legislative Update

Ms. Shirley Reese with Reese Government Relations and Mr. Jim Rowland with Rowland, Co. provided a brief update of the current Washington legislative session. Discussion ensued.

Energy Services & Development – Strategy & Member Construct

Mr. Reddemann and Mr. Gaston presented the Energy Services & Development strategy and member construct. Key points included: why consider a change; what was done to assess the potential; joint action agency benchmark findings and recommendations; JAA programs and services; EN's vision of member construct; where the new programs and services could come from; how the transition will be made; focusing on the future; and next steps.

Commitment Review/Provide Majority-based Direction

The following new commitments were added:

- Provide a conservation management decision framework – Brent Ridge

Regular Executive Board Meeting (*cont'd*)

Upcoming Meetings

Chair Morrison reminded the board that the Joint Executive Board / Board of Directors and Regular Executive Board Meetings will be held at the Holiday Inn Express in Pasco, Wash. on April 22 – 23, 2015.

Other Business

Hearing no additional business, the next agenda item was discussed.

BPA Report

Ms. Cherie Sonoda with BPA provided a brief update of current water conditions and other BPA-related information.

Meeting critique

Mr. Orser provided the Executive Board meeting critique for the month of March.

Staff Announcements

Mr. Paoli reminded the board of an upcoming tour opportunity in conjunction with the April 21 Board Orientation.

Chair Morrison requested staff consider providing a combined tour of the B-Reactor and Columbia.

Hearing no further discussion, Chair Morrison adjourned the meeting at 11:56 a.m.

Respectfully submitted by,

Angela Smith
Board Relations